

U.S. Union Membership Rises

265,000 Gain in '99 Largest in 20 Years; Arizona's Ranks Grow by More than 11%

Helped by the spread of unions to occupations not normally prone to organize, the union ranks grew by more than a quarter-million in 1999 to 16.5 million, the largest membership increase in 20 years.¹ In addition, despite strong growth in U.S. wage and salary jobs (2.7 million), the share who were union members remained unchanged at 13.9 percent. And for the first time since 1970s, the private-sector unionization rate did not fall, holding steady at about 9.4%.

Data on unionization, which are produced by the U.S. Department of Labor's Bureau of Labor Statistics, are obtained from the monthly Current Population Survey (CPS), which provides basic information on the labor force, employment, and unemploy-

ment. The CPS sample is limited to wage and salary workers.

Union membership increased by 112,493 in the private sector in '99, nearly double the size of the only other annual increase in two decades. The growth was due to a "novel approach to spread the union gospel through a variety of occupations, not just jobs that require hard hats," said an *Associated Press* article, pointing out that in the last year, 45,000 doctors and 75,000 home health-aide workers unionized in California.² A similar, but smaller trend occurred in Arizona, as physicians at a HMO in Tucson and Phoenix joined a union after they grew tired of restrictions on their ability to prescribe health-care treatments and drugs.

Overall in Arizona, the union ranks rose by 14,000, or 11.4 percent, in '99, driving up the state unionization rate from 6.5 percent to 6.8 percent. And the amount of growth was the 14th largest among all states (see Table 1).

The increase in Arizona, from 123,000 in 1998 to 137,000, was due to union outreach programs, growth in the number of part-time and temporary jobs, and a willingness of employees to speak out, according to an article in *The Arizona Republic*.³ In addition, a "large gap between Arizona's wealthiest and poorest families, which was recently reported to be the second largest in the United States," was a contributing factor, said Lane Windham, a spokesperson with the AFL-CIO.⁴

The significant growth of union members nationally and an easing of the hemorrhaging of the unionization



rate, however, do not necessarily translate into a turnaround in the union movement, said several economists. And making it an uphill battle will be the continued trend of losing manufacturing jobs (to lower-wage countries) and gaining low-wage service jobs. Manufacturing has traditionally been a stronghold of labor, while low-wage workers are the least likely to join a union.

"These numbers don't show a resurgence, they show a stability, which in a sense is a victory," Henry Farber, a labor economist at Princeton University, was quoted in a *Los Angeles Times* story.⁵ "But to me, it's really looking for the silver lining to say, 'Hey, look at this. We didn't do any worse this year than last year.'"⁶

The AFL-CIO agrees it will be a struggle, admitting that it will need to add between 500,000 and 1 million workers a year.⁷ About 600,000 workers joined unions last year, an increase of 25 percent over 1998, but due to attrition the net gain was only 265,000.⁸

IN THIS ISSUE

Volume 23 No. 4

| | Page |
|---|------|
| U.S. Union Membership Shows Strong Growth | 1 |
| 4th Qtr. '99 Workforce Data in Review | 4 |
| Quarterly Workforce Tables | 5 |
| Industry Update | 8 |

1999 LABOR UNION MEMBERSHIP

"To keep up, the labor movement has been training and hiring more organiz-

Table 1
States with Union Membership Gains
in 1999

| (in Thousands) | | | |
|----------------|------------|------------|-----------|
| State | 1998 | 1999 | Amt. Chg. |
| California | 2,154 | 2,286 | 132 |
| Pennsylvania | 827 | 896 | 69 |
| Maryland | 331 | 367 | 36 |
| Nevada | 134 | 161 | 27 |
| Kansas | 93 | 119 | 26 |
| West Virginia | 83 | 107 | 24 |
| Minnesota | 422 | 444 | 22 |
| Alabama | 180 | 201 | 21 |
| Maine | 66 | 84 | 18 |
| Arkansas | 61 | 79 | 18 |
| Iowa | 166 | 184 | 18 |
| Texas | 503 | 520 | 17 |
| Missouri | 336 | 353 | 17 |
| Arizona | 123 | 137 | 14 |
| Massachusetts | 453 | 465 | 12 |
| Louisiana | 134 | 145 | 11 |
| Colorado | 171 | 181 | 10 |
| Michigan | 954 | 963 | 9 |
| Oklahoma | 117 | 124 | 7 |
| Idaho | 42 | 48 | 6 |
| Montana | 49 | 55 | 6 |
| Mississippi | 61 | 67 | 6 |
| New Mexico | 63 | 65 | 2 |
| Florida | 408 | 410 | 2 |
| D.C. | 30 | 32 | 2 |
| Connecticut | 263 | 264 | 1 |
| Vermont | 25 | 26 | 1 |

Source: AFL-CIO using U.S. Dept of Labor, Bureau of Labor Statistics' data, January 2000

ers and doubled the resources spent on organizing the last four years," the *AP* story said.⁹ The American Federation of State, County and Municipal Employees and the steel-workers' union in 1999 spent more than \$40 million for organizing efforts.¹⁰

Among other highlights of the 1999 data were:

- Government workers were four times as likely to be union members as were their private sector counterparts;
- Local government workers, a group that includes police officers and firefighters, had the highest unionization rate in the public sector, at 42.9 percent;
- A little more than one-fifth of employed black men were members of unions — the highest unionization rate across the major demographic groups.

Unionization by Industry and Occupation

In 1999, government workers continued to have a substantially higher

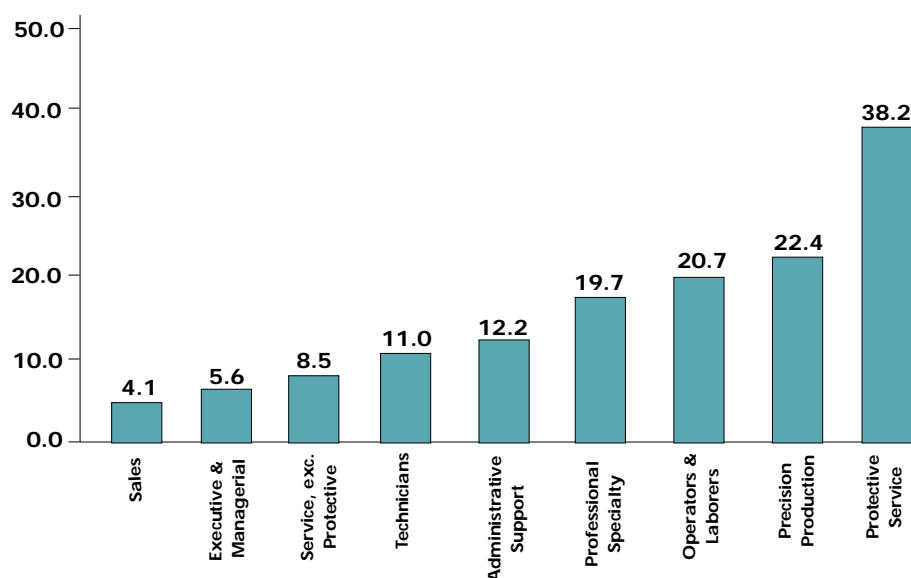
unionization rate (37.3 percent) than workers in the private sector (9.4 percent). Among the private nonagricultural industries, the highest unionization rate occurred in transportation and public utilities (25.5 percent). Unionization rates in manufacturing (15.6 percent) and in construction (19.1 percent) were higher than the average as well. However, the unionization rate in manufacturing continued to decline in 1999.

Among occupational groups, protective service continued to have the highest unionization rate, at 38.2 percent (see Figure 1). Other occupational groups with higher-than-average unionization rates were professional specialty workers (19.7 percent); precision production, craft, and repair workers (22.4 percent); and operators, fabricators, and laborers (20.7 percent), many of whom work in the manufacturing industry.

Demographic Characteristics of Union Members

Union membership continued to be higher among men (16.1 percent)

Figure 1
Percentage of Unionization in Major Occupational Groups, 1999



Source: U.S. Dept. of Labor, Bureau of Labor Statistics, January 2000

1999 LABOR UNION MEMBERSHIP

Table 2

Median Weekly Earnings of Full-Time Wage and Salary Workers by Union Affiliation and Industry

| Industry | 1998 | | | 1999 | | |
|---|-------|---------------------------------|-----------|-------|---------------------------------|-----------|
| | Total | Members of Union ⁽¹⁾ | Non-Union | Total | Members of Union ⁽¹⁾ | Non-Union |
| Private Industry | \$505 | \$625 | \$493 | \$521 | \$633 | \$510 |
| Mining. | \$684 | \$733 | \$673 | \$734 | \$710 | \$735 |
| Construction | \$534 | \$790 | \$496 | \$552 | \$778 | \$509 |
| Manufacturing | \$551 | \$606 | \$532 | \$576 | \$614 | \$561 |
| Durable goods | \$581 | \$629 | \$566 | \$594 | \$628 | \$584 |
| Nondurable goods | \$507 | \$565 | \$495 | \$529 | \$584 | \$518 |
| Transportation and public utilities | \$624 | \$731 | \$586 | \$651 | \$748 | \$613 |
| Wholesale trade | \$562 | \$611 | \$557 | \$573 | \$584 | \$573 |
| Retail trade | \$373 | \$442 | \$369 | \$391 | \$472 | \$387 |
| Finance, insurance, and real estate | \$577 | \$545 | \$578 | \$598 | \$582 | \$599 |
| Services | \$498 | \$540 | \$494 | \$517 | \$554 | \$515 |
| Government | \$620 | \$694 | \$558 | \$641 | \$714 | \$585 |

Note: 1) Members of a labor union or an employee association similar to a union.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, January 2000.

than women (11.4 percent). The gap in unionization rates between the sexes has been closing; in 1983 the rate for men was 24.7 percent and the rate for women was 14.6 percent.

Blacks continued to have higher unionization rates (17.2 percent) than whites (13.5 percent) and Hispanics (11.9 percent). Among the major worker groups, black men continued to have the highest union membership rate (20.5 percent), while white and Hispanic women continued to have the lowest rates (10.9 and 10.4 percent, respectively). Workers ages 35 to 64 were more likely to be union members than their younger counterparts. Full-time workers were more than twice as likely as part-time workers to be union members.

Earnings

In 1999, union members had median usual weekly earnings of \$672, compared with a median of \$516 for wage and salary workers who were not represented by unions. In addition to coverage by a collective bar-

gaining agreement, the difference in pay reflects a variety of influences, including variations in the distributions of union members and non-union employees by occupation, industry, firm size, or geographic region.¹¹

Notes:

1. The 16.5 million total includes only wage and salary workers, and does not include 1.7 million wage and salary workers who were represented at their workplace by a union, but were not union members themselves. Source: U.S. Dept. of Labor, Bureau of Labor Statistics' press release, Jan. 19, 2000.
2. "Union Membership Rises in U.S.," Brigitte Greenberg, *The Associated Press*, Internet Edition, Jan. 19, 2000.
3. "Number of Arizona union members increased 11.4% in 1999," Janie Magruder, *The Arizona Republic*, Internet Edition, Jan. 27, 2000.
4. Ibid.

5. "Union Ranks Up in '99, Led by California," Nancy Cleeland, *Los Angeles Times*, Jan. 20, 2000, p. A-1.
6. Ibid.
7. "Union Membership Rises in U.S.," Brigitte Greenberg, *The Associated Press*, Internet Edition, Jan. 19, 2000.
8. Ibid.
9. Ibid.
10. Ibid.
11. For a discussion of the problem of differentiating between the influence of union status and the influence of other worker characteristics on employee earnings, see "Measuring Union-Nonunion Earnings Differences," Kay E. Anderson, Philip M. Doyle, and Albert E. Schwenk, *Monthly Labor Review*, June 1990, pp. 26-38. **AET**

—U.S. Dept. Of Labor, Bureau
of Labor Statistics; and DES,
Research Administration

Az Jobless Rate Stays at 4.2 Percent in 4th Quarter

Note: DES, Research Administration (RA) has included in its quarterly summary of Arizona's workforce report the recently benchmarked Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS) figures for 1998 and 1999. As a result, RA advises caution and recommends the inclusion of these revisions to all historical series used with any future analysis, interpretations, or references.

Arizona's civilian labor force showed a gain of 5,200 workers (0.2 percent) during the final quarter of 1999, just slightly below the 10-year average gain of 6,100 workers (0.3 percent). Recently released benchmark figures for 1998 and 1999 now show that Ari-

ARIZONA'S WORKFORCE — 4TH QTR. 1999

zona's labor force grew by 4.1 percent over the year. The seasonally adjusted unemployment rate declined by three-tenths of a percentage point to end the fourth quarter at 4.2 percent, continuing the record low quarterly averages of the last two years.

Nonfarm payroll jobs increased by 3.6 percent (77,900) during the fourth quarter, just under the 10-year average of 3.8 percent. Employment gains over the entire year, however, were slightly above average. Ninety-five percent of 1999 nonfarm employment growth came from the service-producing industries, which added 77,300 jobs (4.4 percent) in the final quarter alone. Goods-producing industries added 600 jobs in the fourth quarter, a below-average gain for the season. Over-the-year employment growth in goods-producing industries was relatively slow in 1999, following a year of above-average gains in 1998. In service-producing industries, employment gains were driven by retail trade and the services

(continued on page 11)

Figure 1

Quarterly and 10-Year Average Quarterly Change in Arizona Major Industry Employment, 4th Qtr. 1999¹

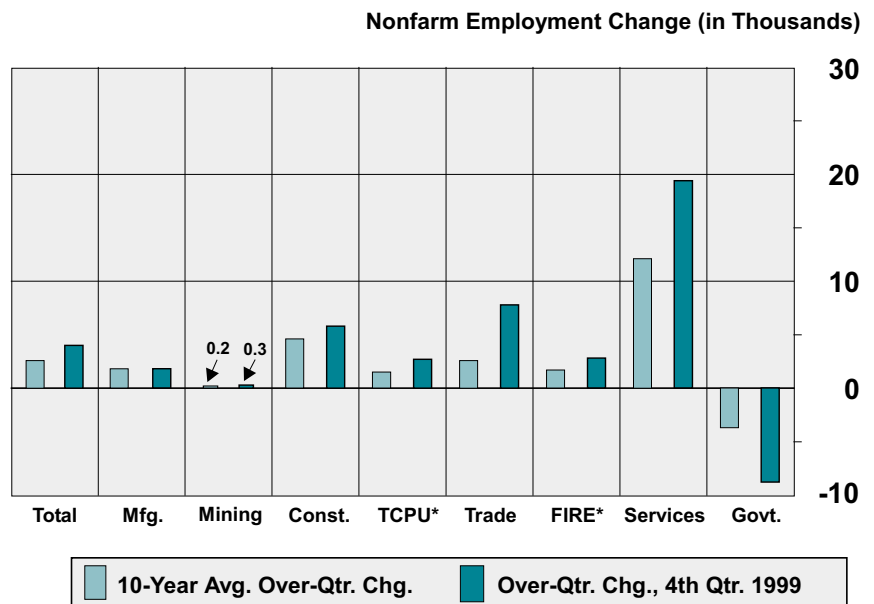
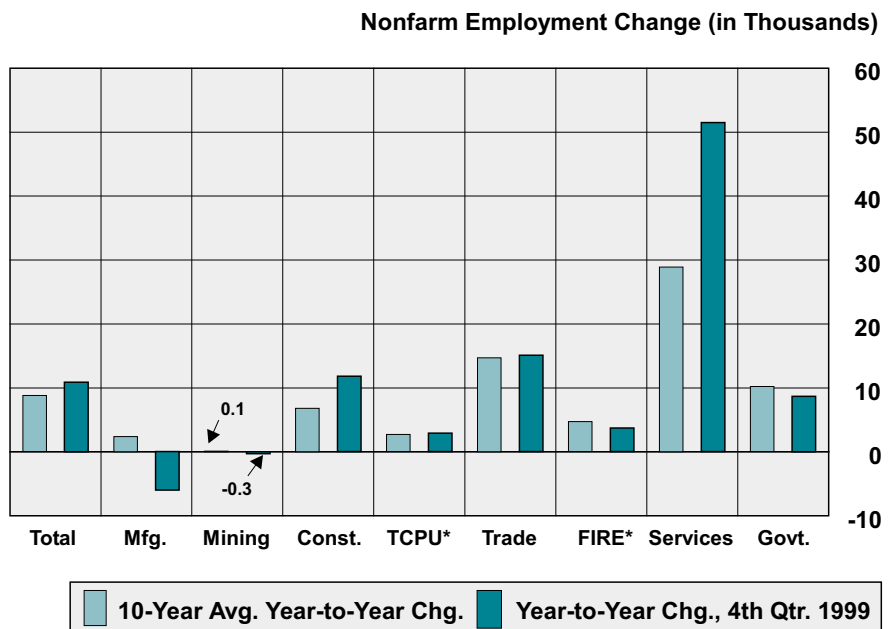


Figure 2

Year-to-Year Change and 10-Year Average Year-to-Year Change in Arizona Major Industry Employment, 4th Qtr. 1999¹



Note: 1) Quarterly averages of monthly data, not seasonally adjusted.

Source: Arizona Department of Economic Security, Research Administration, February 2000

Table 1

Arizona Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change, 4th Qtr. 1999⁽¹⁾

(in Thousands)

| | 98/4 | 99/1 | 99/2 | 99/3 | 99/4 | 10-year Avg. of Qtr. 4 Changes |
|---|----------------|----------------|----------------|----------------|----------------|-----------------------------------|
| Civilian Labor Force | 2,337.4 | 2,305.1 | 2,356.9 | 2,393.8 | 2,399.0 | |
| Quarterly Change | 1.3% | -1.4% | 2.2% | 1.6% | 0.2% | NA |
| Annual Change | 5.8% | 5.1% | 4.7% | 3.8% | 2.6% | NA |
| Total Employment | 2,248.0 | 2,211.3 | 2,249.2 | 2,273.5 | 2,304.2 | |
| Quarterly Change | 2.3% | -1.6% | 1.7% | 1.1% | 1.3% | NA |
| Annual Change | 6.3% | 4.8% | 4.2% | 3.5% | 2.5% | NA |
| Total Nonfarm Payroll Employment | 2,131.6 | 2,122.3 | 2,154.1 | 2,143.2 | 2,221.1 | |
| Quarterly Change | 3.6% | -0.4% | 1.5% | -0.5% | 3.6% | 3.8% |
| Annual Change | 3.8% | 3.9% | 4.2% | 4.2% | 4.2% | 4.1% |
| Manufacturing | 213.9 | 209.5 | 211.2 | 212.1 | 212.6 | |
| Quarterly Change | -1.7% | -2.1% | 0.8% | 0.4% | 0.3% | 0.4% |
| Annual Change | 0.4% | -2.6% | -2.8% | -2.6% | -0.6% | 1.2% |
| Mining and Quarrying | 12.8 | 12.5 | 12.8 | 10.3 | 10.1 | |
| Quarterly Change | -0.5% | -1.8% | 2.4% | -19.5% | -2.3% | -1.7% |
| Annual Change | -5.2% | -4.6% | -2.0% | -19.5% | -20.9% | -1.4% |
| Construction | 150.5 | 147.7 | 153.5 | 158.4 | 158.6 | |
| Quarterly Change | 2.3% | -1.8% | 3.9% | 3.1% | 0.2% | 0.8% |
| Annual Change | 9.4% | 8.8% | 8.3% | 7.7% | 9.4% | 6.5% |
| Transportation, Communications, and Public Utilities | 103.6 | 100.5 | 103.2 | 104.4 | 106.7 | |
| Quarterly Change | 2.0% | -3.0% | 2.7% | 1.2% | 2.2% | 1.8% |
| Annual Change | 4.3% | 2.4% | 2.9% | 2.8% | 3.0% | 3.1% |
| Finance, Insurance, & Real Estate | 139.1 | 136.0 | 138.8 | 140.8 | 143.1 | |
| Quarterly Change | 2.5% | -2.3% | 2.1% | 1.5% | 1.6% | 1.8% |
| Annual Change | 4.1% | 2.6% | 2.7% | 3.7% | 2.9% | 4.4% |
| Trade | 510.8 | 502.5 | 510.3 | 506.7 | 525.9 | |
| Quarterly Change | 4.0% | -1.6% | 1.6% | -0.7% | 3.8% | 4.2% |
| Annual Change | 2.6% | 1.6% | 3.1% | 3.1% | 3.0% | 3.6% |
| Services and Miscellaneous | 642.1 | 657.0 | 676.4 | 683.7 | 700.8 | |
| Quarterly Change | 1.9% | 2.3% | 3.0% | 1.1% | 2.5% | 2.4% |
| Annual Change | 4.8% | 8.2% | 8.2% | 8.5% | 9.1% | 5.9% |
| Government | 358.9 | 356.7 | 347.9 | 326.8 | 363.3 | |
| Quarterly Change | 11.9% | -0.6% | -2.5% | -6.1% | 11.2% | 10.9% |
| Annual Change | 3.9% | 2.7% | 2.6% | 1.9% | 1.2% | 3.4% |

Notes: 1) Detailed industry data may not add up exactly due to averaging

NA = Not Available

See Table 3 for Source

Table 2

**Phoenix Metro Area Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change,
4th Qtr. 1999⁽¹⁾**

(in Thousands)

| | 98/4 | 99/1 | 99/2 | 99/3 | 99/4 | 10-year Avg. of Qtr. 4 Changes |
|---|----------------|----------------|----------------|----------------|----------------|-----------------------------------|
| Civilian Labor Force | 1,558.1 | 1,541.5 | 1,567.9 | 1,588.8 | 1,601.1 | |
| Quarterly Change | 2.0% | -1.1% | 1.7% | 1.3% | 0.8% | NA |
| Annual Change | 7.1% | 5.9% | 5.4% | 4.0% | 2.8% | NA |
| Total Employment | 1,515.6 | 1,495.7 | 1,519.1 | 1,537.1 | 1,555.6 | |
| Quarterly Change | 2.3% | -1.3% | 1.6% | 1.2% | 1.2% | NA |
| Annual Change | 7.2% | 5.4% | 4.8% | 3.8% | 2.6% | NA |
| Total Nonfarm Payroll Employment | 1,502.0 | 1,498.2 | 1,520.0 | 1,514.0 | 1,566.0 | |
| Quarterly Change | 3.6% | -0.3% | 1.5% | -0.4% | 3.4% | 3.8% |
| Annual Change | 5.0% | 4.7% | 4.8% | 4.5% | 4.3% | 4.5% |
| Manufacturing | 167.9 | 164.7 | 165.0 | 164.9 | 164.5 | |
| Quarterly Change | -1.6% | -1.9% | 0.1% | -0.1% | -0.2% | 0.4% |
| Annual Change | 0.8% | -2.5% | -3.3% | -3.4% | -2.0% | 1.3% |
| Mining and Quarrying | 5.4 | 5.2 | 5.4 | 3.0 | 2.9 | |
| Quarterly Change | -0.6% | -3.1% | 4.5% | -44.2% | -4.4% | -2.2% |
| Annual Change | -10.6% | -10.3% | -4.1% | -43.8% | -46.0% | -2.0% |
| Construction | 110.7 | 108.7 | 112.8 | 116.0 | 116.0 | |
| Quarterly Change | 2.6% | -1.8% | 3.8% | 2.9% | -0.1% | 1.6% |
| Annual Change | 10.9% | 9.1% | 8.8% | 7.6% | 4.8% | 7.6% |
| Transportation, Communications, and Public Utilities | 76.5 | 76.7 | 79.0 | 80.0 | 82.1 | |
| Quarterly Change | 3.0% | 0.3% | 3.0% | 1.2% | 2.6% | 2.2% |
| Annual Change | 5.8% | 6.2% | 7.5% | 7.7% | 7.3% | 3.9% |
| Finance, Insurance, & Real Estate | 117.6 | 115.8 | 117.9 | 119.8 | 121.6 | |
| Quarterly Change | 2.6% | -1.6% | 1.9% | 1.6% | 1.5% | 1.8% |
| Annual Change | 5.1% | 4.5% | 4.5% | 4.6% | 3.4% | 5.0% |
| Trade | 363.6 | 358.7 | 364.1 | 361.8 | 375.5 | |
| Quarterly Change | 4.2% | -1.4% | 1.5% | -0.6% | 3.8% | 4.6% |
| Annual Change | 3.8% | 2.3% | 3.7% | 3.7% | 3.3% | 4.0% |
| Services and Miscellaneous | 467.1 | 478.6 | 490.7 | 496.1 | 510.3 | |
| Quarterly Change | 2.4% | 2.5% | 2.5% | 1.1% | 2.9% | 3.1% |
| Annual Change | 5.3% | 9.0% | 8.8% | 8.8% | 9.3% | 6.5% |
| Government | 193.3 | 189.9 | 185.1 | 172.4 | 193.1 | |
| Quarterly Change | 12.6% | -1.7% | -2.5% | -6.9% | 12.0% | 10.7 |
| Annual Change | 7.0% | 3.1% | 1.9% | 0.5% | -0.1% | 3.0 |

Notes:

- 1) Detailed industry data may not add up exactly due to averaging
 - 2) The introduction of Pinal County into the Phoenix-Mesa Metropolitan Area has created an inconsistency in the mining employment data beginning in 1990
 - a) Phoenix-Mesa Metropolitan Area includes Maricopa and Pinal counties
- NA = Not Available
See Table 3 for Source

Table 3

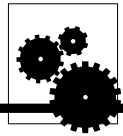
**Tucson Metro Area Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change,
4th Qtr. 1999⁽¹⁾**

(in Thousands)

| | 98/4 | 99/1 | 99/2 | 99/3 | 99/4 | 10-year Avg. of Qtr. 4 Changes |
|---|--------------|--------------|--------------|--------------|--------------|-----------------------------------|
| Civilian Labor Force | 383.1 | 374.5 | 382.1 | 387.2 | 394.3 | |
| Quarterly Change | 2.6% | -2.3% | 2.0% | 1.3% | 1.8% | NA |
| Annual Change | 4.2% | 4.0% | 3.0% | 3.7% | 2.9% | NA |
| Total Employment | 373.8 | 364.5 | 371.7 | 373.0 | 380.9 | |
| Quarterly Change | 3.1% | -2.5% | 2.0% | 0.3% | 2.1% | NA |
| Annual Change | 5.0% | 4.3% | 3.0% | 2.8% | 1.9% | NA |
| Total Nonfarm Payroll Employment | 330.8 | 329.2 | 335.2 | 331.2 | 346.1 | |
| Quarterly Change | 3.5% | -0.5% | 1.8% | -1.2% | 4.5% | 4.3% |
| Annual Change | 1.7% | 1.8% | 2.9% | 3.6% | 4.6% | 3.1% |
| Manufacturing | 29.0 | 28.6 | 29.9 | 31.1 | 32.1 | |
| Quarterly Change | -1.7% | -1.6% | 4.6% | 4.2% | 3.1% | 0.3% |
| Annual Change | 1.3% | 0.1% | 3.0% | 5.4% | 10.6% | 2.0% |
| Mining and Quarrying | 2.1 | 2.1 | 2.0 | 1.8 | 1.8 | |
| Quarterly Change | -1.6% | -1.6% | -3.2% | -8.3% | -1.8% | -2.0% |
| Annual Change | -4.5% | -6.1% | -9.1% | -14.1% | -14.3% | -0.9% |
| Construction | 20.1 | 20.2 | 21.4 | 22.2 | 22.4 | |
| Quarterly Change | -0.3% | 0.8% | 5.6% | 4.1% | 0.9% | -0.4% |
| Annual Change | 0.2% | 5.4% | 8.6% | 10.4% | 11.8% | 4.2% |
| Transportation, Communications, and Public Utilities | 13.7 | 11.7 | 11.9 | 12.3 | 12.3 | |
| Quarterly Change | -2.1% | -14.8% | 1.7% | 3.7% | 0.0% | 0.6% |
| Annual Change | -3.1% | -13.4% | -13.0% | -12.1% | -10.2% | 2.9% |
| Finance, Insurance, & Real Estate | 13.6 | 12.6 | 12.9 | 13.1 | 13.6 | |
| Quarterly Change | 4.3% | -7.6% | 2.6% | 1.5% | 3.6% | 1.9% |
| Annual Change | 7.6% | 1.3% | 0.8% | 0.5% | -0.2% | 1.5% |
| Trade | 71.0 | 69.4 | 70.6 | 70.0 | 73.2 | |
| Quarterly Change | 3.8% | -2.3% | 1.7% | -0.9% | 4.7% | 4.1% |
| Annual Change | -1.4% | -1.2% | 1.6% | 2.2% | 3.1% | 1.9% |
| Services and Miscellaneous | 106.9 | 110.3 | 113.2 | 113.1 | 115.0 | |
| Quarterly Change | 0.6% | 3.2% | 2.6% | -0.1% | 1.7% | 2.4% |
| Annual Change | 5.5% | 6.1% | 6.6% | 6.4% | 7.6% | 4.8% |
| Government | 74.3 | 74.4 | 73.5 | 67.5 | 75.6 | |
| Quarterly Change | 12.3% | 0.1% | -1.3% | -8.1% | 12.0% | 11.5% |
| Annual Change | 0.0% | 1.6% | 0.7% | 2.0% | 1.7% | 3.2% |

Notes: 1) Detailed industry data may not add up exactly due to averaging
b) Tucson Metropolitan Area includes all of Pima County
NA = Not Available

Source: Arizona Department of Economic Security, Research Administration, and U.S. Bureau of Labor Statistics, February 2000



Phoenix Metro Area

Manufacturing

Intel Corp. officially announced that it would **expand** its computer-chip campus **in south Chandler**. The project will not only **create 1,000 highly-paid jobs** over the next five to eight years, but give a boost to an already construction market. The \$2 billion fabrication facility will produce Intel's fastest chips from 12-inch silicon wafers, which will generate more than twice as many chips than currently possible using eight-inch wafers. Construction was to begin in February and be completed within one year.

Semiconductor manufacturer **Microchip** broke ground last November on a long-delayed **\$1 billion expansion** of its Chandler **headquarters and manufacturing operations**. The first phase of a three-part project — a **200,000-square-foot office building** that will house up to 1,000 employees — is expected to be finished in about six months. Then, starting in the middle of 2001, work will begin on the **first of two silicon-wafer plants**, which are expected to eventually lead to an **additional 1,000 jobs**. The expansion, originally announced in 1996, had been delayed due to a slump in the Asian economy. Microchip, which makes microcontrollers for a variety of appliances, currently employs about 1,000 people in the Valley.

Portland, Ore.-based **Willamette Industries Inc.**, a paper and box manufacturer, is building a **250,000-square-foot plant and warehouse** in the west Valley town of **Tolleson**. When complete, the Fortune 500 company expects to **hire 100 wage and salary workers** for the corrugated-paper facility at 660 S. 83rd Ave. No timetable for the plant's opening was announced by Willamette, which has operated in Arizona since 1994.

Philips Semiconductors announced it would establish a **world headquarters** for its standard analog business at the **Tempe home of VLSI Technology Inc.** The number of **high-tech workers** at VLSI's ASU Research Park facility (Elliot and Price roads) is **expected to grow by 75 percent by 2003**, with most of the **150 new hires** involved with engineering, marketing, and technology development. Both companies are divisions of Netherlands-based Royal Philips Electronics. Philips Semiconductors makes computer chips for the consumer electronics, communications, auto, and PC industries, while VLSI designs and manufactures integrated circuits.

Honeywell plans to **cut 390 salaried positions in 2000** from its Aerospace Electronic Systems unit at sites in Glendale and north Phoenix. All those affected — including managers, engineers, and production workers — will be offered severance packages with a few receiving positions with Honeywell suppliers. An overlap of operations at Honeywell and AlliedSignal prior to their merger in December was given as the primary reason for

the cuts. The newly merged Honeywell International will employ about 16,500 workers in the Phoenix metro area.

Construction

Phoenix-based **Westcor Partners** is preparing to start work on **two major upscale shopping projects** in the **east Valley** totaling more than 600,000 square feet. Construction on a proposed **480,000-square-foot mall** at the Price Freeway and Chandler Boulevard **in Chandler** could **begin as early as March** and open in October 2001. Currently named **Chandler Fashion Center**, it would house 150 businesses, three department stores (including the metro area's second Nordstrom), and a movie complex. About 15 miles to the north, Westcor is currently lining up tenants for a 140,000-square-foot shopping center at Scottsdale and Doubletree Ranch roads in Scottsdale. The development, called **Shops at Gainey Village**, will feature a mix of high-end retail specialty stores and restaurants.

By a 3-to-2 margin, Scottsdale voters said "yes" to a **\$535 million redevelopment of the Los Arcos Mall** (Scottsdale and McDowell roads), which will include an 18,000-seat arena for the Phoenix Coyotes professional hockey team. **Work on the 72-acre Ellman Cos.' project**, which will also include restaurants, retail shops, and a multiplex theater, will not get under way **until at least spring of 2000**. Plans for the project first must be approved by Scottsdale's redevelopment board and the Scottsdale City Council.

Work will **begin early next year** on a 110-acre, \$100 million retail development in the Desert Ridge master-planned community in north Phoenix. Called **Desert Ridge Marketplace**, the 1 million-square-foot center on the northeast corner of Loop 101 and Tatum Boulevard will include a number of specialty stores, a Barnes & Noble bookstore, and a 20-screen AMC theater complex. Contractor **McCarthy Brothers** of Phoenix expects to complete the project by mid-2001.

Work has started or is about to begin on **several master-planned communities** in southeast Maricopa and northwest Pinal counties. Three home builders are collaborating with developer **Sunbelt Holdings** on the **1,100-home Power Ranch** subdivision in Gilbert. Sunbelt is also involved with a **6,600-home community** southeast of Queen Creek in Pinal County. The as-yet unnamed development was put together by the purchase of the Johnson Ranch golf course and some vacant lots for \$22 million. Finally, **Shea Homes** is the lead builder on a **2,500-home community** called **Seville**. Bounded by Higley, Chandler Heights, Riggs, and Power roads, the 1,400-acre development in southeast Maricopa County is expected to be annexed by the city of Chandler.

Settlement of a dispute between development partners is expected to get the idle 600,000-square-foot **Scottsdale**

Waterfront project out of dock and moving again. **Starwood Western Capital** bought out Mashburn-Hope Ltd., thus ending a legal dispute between the co-developers. Now, construction on the \$140 million retail, entertainment, office, and residential project on the southwest corner of Camelback and Scottsdale roads, along the Arizona Canal, is expected to get under way sometime in the **second quarter of 2000**. The Scottsdale Waterfront project was originally scheduled to open in October 2000.

Transportation, Communications, and Public Utilities

Mayan Networks, which recently opened an office in north Phoenix (I-17 and Bell Road), expects to **hire 100 telecommunications engineers and programmers in 2000**. The Silicon Valley-based company makes a product to retrofit existing telephone voice networks to handle the transfer of data from fiber-optic networks. Mayan claims its product, due out in the first quarter of 2000, is more efficient than existing ones on the market.

Plans for yet **another gas-fired power plant** have been announced by two out-of-state utilities. **Power Development Enterprises** of Dallas and **Industrial Power Technology** of Santa Rosa, Calif., will build a **\$400 million facility near Gila Bend** (about 70 miles southwest of Phoenix) that will create 200 jobs during the construction phase and **30 permanent jobs** when complete. Work on the plant — the fifth such facility proposed for the Phoenix MA — will **begin by late 2001** and be completed by early 2004, a spokesperson for Power Development said. Deregulation of the state's utility industry has spurred plans for seven new power plants in Arizona.

The isolated Palo Verde Nuclear Generating Station, in the middle of the Sonoran Desert about 50 miles west of downtown Phoenix, is about to get two neighbors. **Duke Energy Corp.** and **Pinnacle West Capital Corp.** announced plans for **two new natural gas-fired power plants** that will provide energy to about 700,000 households. Pinnacle West, which owns Arizona Public Service Corp. (APS), said it will build a 2,120-megawatt plant one mile south of Palo Verde beginning in late 2000, creating about 350 jobs during the construction phase and 150 permanent jobs when the plant is fully operational in 2007. The first of four 530-megawatt generating units will open in 2003. Charlotte, N.C.-based **Duke Energy** said it will **build a similar-type plant**, but about one-fourth the size, adjacent to Pinnacle West's plant. Construction on the 550-megawatt facility is slated to **begin in the first quarter of 2001** and be completed in late 2003. About 300 to 350 construction jobs will be created during the building phase with 20 to 25 permanent jobs once the facilities are operational.

The Valley got its **third Spanish-language television station in late November**. But what distinguishes KFE-TV, Channel 67, from the two others, said one of the station's investors, is that it will devote more time to local

programming and target the Mexican-American community, as opposed to Hispanics overall. The two other Spanish-language stations, based in Miami and Los Angeles, offer mainly national programming. However, **Univision Channel 33**, the Valley's No. 1 rated Spanish-language channel, is **building a multimillion-dollar broadcast center in south Phoenix**, while Telemundo Channel 64 is shaking up its organization, revamping its logo and hiring a new general manager. The Phoenix metro area is the fastest growing Hispanic market in the nation, according to a local polling company.

Finance, Insurance, and Real Estate

San Antonio-based insurer **USAA** successfully bid on 500 acres of state land near **Interstate 17 and Happy Valley Road** for a regional office/customer-service operation. Within 10 years, the USAA campus could be home to up to 15,000 employees. One of the nation's largest insurers, USAA has been seeking a place to expand its multi-billion-dollar business that sells all forms of insurance to current and former members of the military and their families. USAA will first build a temporary facility to **house 500 to 600 employees by the end of 2001**. Then, work on the first permanent buildings will begin, with an estimated opening of late 2002.

Del Webb Corp. has **moved its headquarters** for its Sun Cities communities from Sun City West to the **city of Surprise**. The move into a new 35,000-square-foot building in its Sun City Grand community will lead to an **additional 200 employees**, bringing employment at its headquarters to 600. The relocation was brought about because the 17-year-old Sun City West has been completed, while Sun City Grand is less than one-third complete with 3,000 homes.

Various operations within **Prudential Corp.'s Real Estate and Relocation Services** division will be **consolidated** at the 42-acre Kierland development in **north Scottsdale** by the **middle of 2001**. Prudential hasn't indicated how many of the division's 1,600 employees would be transferred from the six cities where the operations are currently housed. The division's headquarters, however, will remain in Irvine, Calif. The Prudential division helps companies and their employees with relocations.

Metris Cos., which markets credit cards to households with incomes of \$15,000 to \$35,000, has **purchased the 17-acre Perimeter Center** in north Scottsdale (Bell and Pima roads) for a regional headquarters. Based in St. Louis Park, Minn., Metris will **hire 700 workers** for two subsidiaries — Direct Merchants Bank and Metris Recoveries — in areas such as computer operations, credit risk, collections, customer services. Metris was expected to start operations in March.

Trade

Obviously much smaller in size than USAA (see above), but another San Antonio-based business hopes to make its

mark in the Valley. **Mexican food chain Taco Cabana** said it will **build six Phoenix-area locations in 2000** (with the first opening in March) and three more in 2001. The 24-hour sit-down/take-out restaurant tries to fill the niche between a fast-food and full-service restaurant.

Services

Charles Schwab is looking at a site in **south Chandler** (Germann and Price roads) to open a 290,000-square-foot facility to process on-line stock trades. Between **50 and 75 people** would be needed by the San Francisco-based brokerage for a 24-hour processing center. Schwab currently has 2,100 employees at four Valley customer-service centers, according to the Arizona Department of Commerce.

To provide space for its fast-growing workforce, a Valley-based company that provides **software training over the Internet** is moving into 40,000 square feet of The Pinnacle In Kierland office complex in northeast Phoenix. **KnowledgeNet**, which trains workers at companies such as Boeing, AT&T, and Texaco, has **grown from 15 to 130 employees since last March and expects to double that number by January 2001**. Among positions needed to be filled are salespersons, technical trainers, graphic designers, software engineers, and courseware developers. Pinnacle In Kierland is located on the southwest corner of Scottsdale Road and Greenway Parkway.

Integrated Information Systems (IIS) plans to **move its corporate headquarters** to The Brickyard on Mill development (7th Street and Mill Avenue) in downtown Tempe as part of a major growth initiative. The 11-year-old company, which provides Internet development and consulting services, expects to **add a minimum of 300 employees**, and possibly as many as 650, **in 2000**. Software developers and business consultants will encompass most of the company's new hires. IIS, which has been recognized as one of the nation's fastest-growing companies by *Inc.* magazine, currently has 350 employees at its headquarters at Priest Drive and Broadway Road.

Scottsdale-based **SCINET**, which provides computer hardware and software solutions to the medical field, will **double its office space** when it moves to the Raintree Office Center (Loop 101 and Raintree Drive) in north Scottsdale next summer. Growing about 40 percent a year, SCINET will **have room** at its new corporate headquarters **to expand its current Scottsdale workforce of 90 to 175**. Sales, technical, and marketing positions are among the fastest growing jobs at the company.

McCord Consumer Direct, a Chicago-based travel-management business, is opening a **call center in Glendale** in January. The 25,000-square-foot operation at 43rd and Olive avenues will **employ 300** when it's fully operational. McCord's one other customer-service operation in Newport News, Va., takes 25,000 calls per day, generating about \$7 million a month in revenue.

Although primarily a direct seller of computer hardware and software, Tempe-based **Insight Enterprises Inc.** has been expanding into other areas, such as outsourcing services. Of late, Insight has been **hiring about 150 sales workers per quarter** to handle customer-service questions for various manufacturers it represents. In addition, Insight has started an Internet service provider (ISP) business in England called PlusNet.

Tucson-based **Brake Masters** said it will **open seven new stores**, in addition to its current 11 locations, in the **Phoenix metro area in 2000**. The company, owned by two brothers, has 50 locations throughout Arizona, California, Nevada, and New Mexico. Brake Masters offers maintenance services (e.g., oil change, belts, hoses) in addition to its standard brake-repair business.

Despite being up for sale by parent company Rite Aid Corp., Scottsdale-based **PCS Health Systems, Inc.** is **hiring up to 250 workers for a call center and other positions**. The pharmaceutical-benefit management company, which has 1,500 employees in Scottsdale, needs additional workers to handle more than 50 million U.S. and Puerto Rican customers and 300 million prescriptions a year.

Desert Samaritan Medical Center in Mesa will **consider opening a trauma center** when it completes a \$66 million expansion project in late 2000 or early 2001. The expansion is adding 72 beds (49 in the emergency department) and six surgical suites. The Phoenix metro area has five trauma centers, considered adequate for a metro-area population of 3 million, but none are in the southeast Valley. The closest facility is Scottsdale Healthcare Osborn near Scottsdale and Osborn roads, while three are near downtown Phoenix, about 20 miles away from Mesa.

Government

A nearly **150,000 increase in Mesa's population** over the next decade will require the **city to expand its workforce by nearly 50 percent**, according to a consultant's study. The firms of SHW Group of Mesa and Pinnacle One of Tempe projected the city's population will grow from 395,000 to 540,000 by 2010, necessitating the city's workforce grow from its current 3,300 to slightly under 5,000. The police and fire departments will require about one-fourth of the projected new positions, just under 400.

Tucson Metro Area

Manufacturing

Between **300,000 and 450,000 square feet of space will be added to The University of Arizona Science and Technology Park** at Interstate 10 and Rita Road. Currently, 20 high-tech companies and about 6,000 employees occupy the 2 million-square-foot industrial park. The additional space could be filled immediately if it was currently available, said an official of the tech complex. On a somewhat related note, Tucson Mayor Bob Walkup

pledged to bring 10,000 aerospace jobs (paying between \$16 and \$18 an hour) to Tucson within the next four years.

To dramatically cut costs, **Weiser Lock** will **shift its production operation from Tucson to Nogales, Mexico**, by the **end of 2000**. About two-thirds of the company's 725 workers will lose their jobs, while the other third — administrative, sales, and distribution personnel — will remain in Tucson.

Construction

Tucson voters in November **approved a 62-acre downtown revitalization project called Rio Nuevo**. The \$320 million arts and entertainment development will use a mix of state sales taxes and private funding to build over 10 years an International Visitors & Trade Center, the Sonoran Sea Aquarium, a new hotel, and an IMAX theater. In addition, Rio Nuevo will re-create the Mission San Agustín Cultural Center & Settlement Area, as well as provide opportunities for mixed-use space, a community plaza, and a museum complex.

Services

The Marana Planning and Zoning Commission has approved a \$105 million **water-park resort** about **20 miles north of Tucson**. Developer Ike Issacson claims the project — 1 acre of pools, plus a 400-room hotel, and more than 200 time-share units and condominiums — will generate \$365 million in annual revenue within 10 years. The indoor-outdoor water park has a tentative opening date of May 2001.

A division of **National Computer Systems (NCS)** expects to **hire up to 500 university graduates** for a **test-scoring facility** it plans to open in February in the Miracle Mile area. NCS will pay a starting wage of \$10 an hour for scoring written tests given to elementary and secondary students in subjects including math, reading, science, social studies, and geography.

Balance of State

Manufacturing

A Minnesota cabinetmaker announced it will open a **West Coast manufacturing and distribution facility**

employing 300 near the town of Yucca. **Norcraft Companies** of Eagan, Minn., will occupy the former 185,000-square-foot Scott Paper plant near Interstate 40 and Arizona 95, about halfway between Kingman and Lake Havasu City. The addition of a natural gas pipeline and a rail siding connecting to the Burlington Northern Santa Fe Railroad mainline persuaded Norcraft to purchase the plant and will make it easier to attract other companies to the more than 230-acre industrial site.

Construction

A manufacturer of materials used to make explosives and fertilizer plans a **\$200 million expansion** and upgrade of its facilities south of Benson. **Apache Nitrogen Products Inc.**, which has about 100 employees, expects to **hire hundreds of construction workers** during the expansion project and 20 permanent workers when the facility is complete. No timetable was given for start of the project, which first must receive state and federal approval. In 1994, the company agreed to pay a \$150,000 fine for hazardous waste violations and to upgrade its water-treatment system. An environmental official said Apache Nitrogen has been steadily cleaning up its site.

Not to be outdone by its neighbor to the west, **Prescott Valley** and developers are working on plans for a **500-acre "downtown" business and entertainment center** that will resemble an Old West Main Street. The primary core of the development will be a 200,000- to 300,000-square-foot entertainment complex that will include restaurants, retail stores and a 14-screen Harkins Theater. Fain Signature Group of Dewey, Ariz., and San Diego-based New Century Entertainment will co-develop the project, which will take 15 to 20 years to complete. Meanwhile, **Sears, Roebuck and Co.** reaffirmed its plans to be **one of three anchor tenants** (along with Dillards and J.C. Penney) in the **Prescott Gateway Mall** at Highway 69 and Lee Boulevard. Scheduled to open in March 2002, the Westcor Development project was put in limbo when Sears decided to delay the start on a 100,000-square-foot store because of recent poor financial results. **AET**

Quarterly Jobless Rate Remained at Low 4.2%

(continued from page 4)

industries. Job growth in this area had been slowing in 1998 and 1997, but clearly picked up again during 1999.

- The increase in employment in the goods-producing industries re-

flects growth in manufacturing, which added 600 jobs (0.3 percent). This growth is approximately equal to the 10-year average for fourth quarter gains. Year-to-year growth over the course of 1999 was generally slower than the 10-year average and has been generally slower since the second quarter of 1998. Nevertheless, this industry does show signs of re-

covery from the Asian crisis last winter, particularly aircraft and missiles, which added 900 jobs, driving job growth in the final quarter.

- Construction added 300 jobs over the quarter, below the 10-year average of 1,200 jobs. However, over-

(continued on back page)

Quarterly Jobless Rate Remained at 4.2%

(continued from page 11)

the-year job growth showed a gain of 8,200, well-above the 10-year average of 7,200 jobs.

- As expected, mining experienced an average reduction of 200 jobs. This loss occurred entirely within copper mining, continuing a downward trend for this industry.

- Employment in transportation, communications, and public utilities (TCPU) increased by an impressive 2,300 during the fourth quarter of 1999. This concludes two years of generally strong job growth. Communications gains were high at 700 jobs over the quarter (1.9 percent). Transportation employment grew by an expected 1,600 jobs (2.4 percent), as the industry sought to meet holiday-travel demands.

- Also in the holiday spirit, retail trade also showed employment growth of 4.8 percent over the final quarter of 1999, accounting for nearly all of the 19,100 jobs added to trade employment. Wholesale trade added a mere 200 jobs, below the 10-year average of 1,700 jobs. Over the year, growth in retail employment was very strong at 4.3 percent, while wholesale employment showed a decrease of 1.8 percent. The growth rate of wholesale employment has been slowing since 1994, with 1999 being the first

year to actually show a decline in the employment figures.

- As expected, finance, insurance, and real estate (FIRE) added 2,300 jobs over the quarter (1.6 percent). Employment growth in FIRE peaked in 1997 and has been slowing since, but remains steady as Arizona's residential population and business community continue to grow.

- Quarterly services employment growth was normal for the season, with an average of 17,000, or 2.5 percent. Service employment growth showed definite gains over 1999, coming off of a general slowing since 1995. Business services continues to be the fastest-growing component of the services sector, accounting for nearly 60 percent of the new jobs created in services in 1999.

- Government added 36,500 jobs, representing 11.2 percent growth, normal for the fourth quarter. Employment in this area tends to decline slightly over the first three quarters of each year with all employment gains appearing in the final quarter. Over-the-year growth in government was 1.2 percent, slower than the 10-year average of 3.4 percent. **AET**

—Charlotte Armerding,
RA Economic Analysis Assistant



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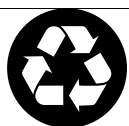
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